GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

MA&UD Department – 15th Finance Commission – Guidelines of 15th Finance Commission Grants to the Urban Local Bodies for the award year of five years i.e. 2021-22 to 2025-26 – Approved – Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (UBS) DEPARTMENT

G.O. Ms. No.78 Dated:14.06.2022

Read

From the Commissioner & Director of Municipal Administration, Mangalagiri, Lr. Roc. No. 1167447/2020/Q, Dated 26-05-2022 received through e-file.

** * **

ORDER:

In the reference read above, the Commissioner & Director of Municipal Administration, Mangalagiri has stated that the Fifteenth Finance Commission (15th FC), Government of India have recommended 15th FC Grants to the Urban Local Bodies for the award year of five years i.e., 2021-22 to 2025-26. The 15th FC has divided the Urban Local Bodies (ULBs) into two categories: (a) Million-Plus Cities and (b) Non Million-Plus Cities and Towns (all other Cities and Towns with less than One Million Population). These grants are allocated on the formula of 90:10 for Population (2011 Census) and area of the ULB respectively. Accordingly, he has submitted the draft guidelines of the utilization of 15th Finance Commission Grants and requested for approval.

2. Government after careful examination of the matter, hereby approve the guidelines for utilization of the 15th Finance Commission Grants to the Urban Local Bodies for the award period of five years i.e., 2021-22 to 2025-26 which are annexed to this order.

3. The Commissioner & Director of Municipal Administration, Mangalagiri shall issue necessary instructions to all the Commissioners of the Urban Local Bodies in the State to strictly adhere to the guidelines while preparing, approving and implementing the Annual Development Plans (ADPs) and utilization of funds under 15th Finance Commission Grants.

(P.T.O)

4. The Commissioner & Director of Municipal Administration, Mangalagiri shall take necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Y.SRILAKSHMI
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Commissioner & Director of Municipal Administration, Mangalagiri.
All the Municipal Commissioners of the Urban Local Bodies through the C&DMA, Mangalagiri.
Copy to
The OSD to Hon'ble Minister (MA&UD).
The P.S. to Special Chief Secretary to Government, MA&UD Department.
The Finance (FMU-EFS&T, MA&UD, CRDA) Department.
Sf/Sc.

//FORWARDED BY ORDER//

G. Sudha Rao
ASSISTANT DIRECTOR

ANNEXURE TO G.O.Ms.No.78, MA&UD (UBS) DEPARTMENT, DATED:14.06.2022

DRAFT GUIDELINES FOR UTILIZATION OF GRANTS UNDER 15th FINANCE COMMISSION BY THE URBAN LOCAL BODIES IN THE STATE FROM 2021-22 TO 2025-26

1. Introduction:

The Fifteenth Finance Commission (FC-XV) has submitted its recommendations for the award period 2021-22 to 2025-26. In case of Million Plus Cities, special emphasis is given on meeting the challenges of bad Ambient Air Quality, Water Supply and Solid Waste Management/Sanitation.

In case of Non Million Plus Cities, special emphasis is given on meeting the challenges in the critical sectors of Drinking Water and Solid Waste Management/Sanitation under Tied grant and felt needs in the Urban Local Bodies under Untied grants.

- The GoI has informed that the Commission's term (2020-21) has been extended to cover Financial Years 2021-22 to 2025-26.
- While considering the grants for Urban Local Bodies for the award period from 2021-22 to 2025-26, the ULBs have been grouped into two broad categories:

(i) Category-I cities (Million-Plus Cities)
(Visakhapatnam & Vijayawada)

(ii) Category-II cities (Non-Million Plus cities / towns)
(all other Cities and Towns with less than One Million Population).

- The 15th Finance Commission has recommended distribution of grants city-wise on the basis of Population (2011 Census) & Area in the ratio of 90:10 in case of Non-Million Plus Cities & on Population basis for Million Plus Cities.

- The 15th Finance Commission has recommended utilization of Untied grants released to Non-Million plus cities from the period 2021-22 to 2025-26 for 'felt needs of the ULBs'. And Tied grants for 'Solid Waste Management & Sanitation, Attainment of Star

ratings' as developed by the Ministry of Housing & Urban Affairs (MoH&UA) and 'Drinking Water, Water conservation, Rain Water Harvesting, Rejuvenation of Water Bodies & Water Recycling'.

- In Million Plus Cities (Total Tied Grant) for 'Improvement of Ambient Air Quality' and 'Quality Water Supply, water conservation, water recycling and Rejuvenation of Water bodies, Solid Waste Management & Sanitation'.

- **Untied Grants in Category-II (NMPCs) ULBs can use for O&M of Water Supply & Sanitation infrastructure and remaining grants shall be used only for Capital Works and Tied grants shall not be used for any Operation & Maintenance (O&M).**

- Since, Urban Local Bodies need technical and administrative support, 1% of the total allocation is earmarked for IEC activities and 1% is earmarked for Capacity Building/Preparation charges for Detailed Project Reports (DPRs) etc.

- The 15th Finance Commission has recommended grants for the award period from 2021-22 to 2025-26 as follows:

Allocations for **Million Plus Cities** from 2021-22 to 2025-26

(Rupees in Crores)

S.No	Year	Million Plus Cities						
		Vijayawada			Visakhapatnam		Total	Grand Total (5 + 8)
		Drinking Water Supply, SWM & Sanitation	Air Quality Improvement	Total	Drinking Water Supply, SWM & Sanitation	Air Quality Improvement		
1	2	3	4	5	6	7	8	9
1	2021-22	63.00	31.00	**94.00**	73.00	37.00	**110.00**	**204.00**
2	2022-23	65.00	32.00	**97.00**	76.00	38.00	**114.00**	**211.00**
3	2023-24	69.00	34.00	**103.00**	80.00	40.00	**120.00**	**223.00**
4	2024-25	73.00	36.00	**109.00**	85.00	43.00	**128.00**	**237.00**
5	2025-26	74.00	37.00	**111.00**	87.00	43.00	**130.00**	**241.00**
Total		**344.00**	**170.00**	**514.00**	**401.00**	**201.00**	**602.00**	**1116.00**

Allocations for **Non-Million Plus Cities** from 2021-22 to 2025-26

(Rupees in Crores)

S.No.	Year	Non-Million Plus Cities		
		40% Un-Tied (ULB Basic needs)	60% Tied Grants (SWM & Water)	**Grand Total (3 + 4)**
1	2	3	4	5
1	2021-22	300.80	451.20	**752.00**
2	2022-23	311.60	467.40	**779.00**
3	2023-24	329.20	493.80	**823.00**
4	2024-25	348.80	523.20	**872.00**
5	2025-26	355.60	533.40	**889.00**
Total		**1646.00**	**2469.00**	**4115.00**

Allocations for **Million & Non-Million Plus Cities** from 2021-22 to 2025-26

(Rupees in Crores)

S.No.	Year	**Million Plus Cities**	**Non-Million Plus Cities**	**Grand Total (3+4)**
1	2	3	4	5
1	2021-22	**204.00**	**752.00**	**956.00**
2	2022-23	**211.00**	**779.00**	**990.00**
3	2023-24	**223.00**	**823.00**	**1,046.00**
4	2024-25	**237.00**	**872.00**	**1,109.00**
5	2025-26	**241.00**	**889.00**	**1,130.00**
Total		**1,116.00**	**4,115.00**	**5,231.00**

2. Modalities for release of 15th FC Grants:

2.1. Category-I Cities (Million-Plus Cites) (GVMC & VMC):

- Award period of 15th FC is 2021-22 to 2025-26.
- GoI has allocated an amount of Rs.1116.00 crores to MPCs.
  - **a.** Ambient Air Quality - Rs.371.00 crores and
  - **b.** Water Supply, Sanitation & Solid Waste Management } Rs.745.00 crore

(These Rs.745.00 Crores are for meeting Service Level Benchmarks, i.e., Sanitation, Solid Waste Management (SWM), Quality Water Supply, Water conservation, Water Recycling and Rejuvenation of Water Bodies. Grants to MPCs are linked to the performance of these cities in improving their Air Quality and meeting the Service Level

Benchmarks for Urban Drinking Water Supply, Sanitation and Solid Waste Management.)

2.1.1. Air Quality:

2.1.1.1. Grants for Improvement in Air Quality

a. Based on the performance of the Million-Plus cities in controlling Air pollution, **Ministry of Environment, Forest and Climate Change (MoEF&CC)** being the Nodal Ministry for Ambient Air Quality grants, will recommend distribution of Ambient Air Quality grants to the eligible cities.

b. Grant recommended for Ambient Air Quality is Performance linked through Million Plus Challenge Fund (MCF).

c. State Government and each Million-Plus city in the State shall sign a Memorandum of Understanding (MoU) with the MoEF&CC, GoI, New Delhi for a year-wise action plan, agreed outcomes to be achieved and quantum of funds to be released consequent upon fulfillment of targets as stipulated in the City Action Plan (CAP).

d. Such action plan shall contain the city-wise details of sources of air pollution and the proposed measures to be taken by them for improving Air Quality.

e. MoEF&CC formulated draft of the MoU and it shall be used for signing the tripartite agreement.

f. The MoEF&CC shall handhold and monitor the ULBs in
   (a) Strengthening of the pollution monitoring mechanism and
   (b) Quantification of Air Quality improvement with the weights as prescribed in para no.2.1.1.5 below.

g. MoEF&CC shall fix a time schedule for submission of proposals by the cities for the performance assessment, submission of assessment report/recommendations by the State Level Screening Committee/Central Implementation Committee so that the final recommendations can be forwarded to the Department of Expenditure well in time.

h. On the basis of the recommendations of State level Screening Committee/Central Implementation Committee, MoEF&CC shall recommend the release of grant to the Million-Plus cities after consultation with the Ministry of Housing & Urban Affairs (MoH&UA) and State Governments.

i. MoEF&CC shall also recommend the distribution of undistributed grant to the eligible cities as per the procedure prescribed in parano.2.1.1.8 below.

j. MoEF&CC may also constitute a Committee at the National level for considering the proposal/recommendation received from the State Level Screening Committees.

k. While the MoEF&CC shall closely involve the State Pollution Control Boards through National Clean Air Programme (NCAP) grants for strengthening the Air Quality monitoring infrastructure, it shall build the infrastructure capacities of the Million-Plus Cities in controlling Air Pollution.

l. In consultation with the respective State Governments, the Ministry shall develop city-wise and year-wise targets on Ambient Air Quality, based on measurable indicators and outcomes.

m. MoEF&CC shall also circulate draft MoU along with the city-wise and year-wise targets for improvement in the Ambient Air Quality based on Annual Average Concentration of PM_{10} (**$\mu g/m^3$**) during 2019-20 (Visakhapatnam - 93 & Vijayawada – 63), and outcomes to the concerned Cities.

n. The MoH&UA shall take initiative in implementing parameters

(a) Source-wise cause analysis for Air pollution

(b) Progress on action plans and compliance of statutory guidelines and also management of open waste burning and combustion at landfill sites by the concerned ULBs. This could include:

i. Monitoring of open waste burning and chemical traces from waste burning at landfill sites as well as the development of an app to allow reporting by citizens by sending pictures.

ii. Process-tracing of waste management in each city to identify where the breakdown in waste management occurs.

2.1.1.2 <u>Assessment of city performance on Air Quality:</u>

(i) During the first year of 15th FC i.e., 2021-22 [in addition to the interim award year of 2020-21] Million Plus cities to put in place Air Quality improvement measures, including capacity building of the Million-Plus city and procedures (as detailed below) to move towards the desired objective of clean air in the medium term.

(ii) Hence, in the year 2021-22, the relative weightage for assessment of city performance on Air Quality will be based on the following (04) parameters:

a) Strengthening of the pollution monitoring mechanism;

b) Source-wise cause analysis for Air pollution;

c) Progress on action plans and compliance of statutory guidelines; and

d) Quantification for Air Quality improvement with the weights as prescribed in the Table given below:

(iii) After 2021-22, for all the remaining four years of the award period, the entire weightage will be on the 4th parameter of Quantification of improvement in Air Quality only.

(iv) Quantification of improvement in Air Quality has two parts, namely, **reduction in particulate matter** (PM_{98}) from the base year 2019-20 and **increase in the good days** according to improvement in the Air Quality Index (AQI) from the base year 2019-20.

Visakhapatnam: Total no. of observed days – 351

Good	– 27
Satisfactory	– 172, AQI <100 – 199,
Moderate	– 152, AQI <200 – 351

Vijayawada: Total no. of observed days – 347

Good	– 51
Satisfactory	– 296, AQI <100 – 347,
Moderate	– 0, AQI <200 – 347

(v) Management of open waste burning and combustion at landfill sites should constitute an integral part of the air quality improvement index. Monitoring of AQI with suitable weights arrived at on the basis of source-wise cause analysis for air pollution in the Million-Plus city.

2.1.1.3. Relative Weightage for City Performance Assessment:

Parameter	2021-22	2022-23	2023-24	2024-25	2025-26
1	2	3	4	5	6
A. Strengthening of pollution monitoring mechanism	10	-	-	-	-
B. Source-wise cause analysis for Air pollution	10	-	-	-	-
C. Progress on action plans	10	-	-	-	-

and compliance of statutory guidelines					
D. Quantification of Air Quality improvement	70	100	100	100	100
Total	**100**	**100**	**100**	**100**	**100**

2.1.1.4. <u>City Performance Assessment parameters for Air Quality Management will include the following:</u>

2.1.1.4.1. Strengthening of pollution monitoring mechanism

(a) Operationalization of Air Quality Monitoring (AQM) Cell.

(b) IT-enabled Air Quality data management system.

(c) Coordination Committee reviews including progress and review of city action plans, including public grievance redresser portal, emergency response and awareness programme.

2.1.1.4.2. Source-wise cause analysis for Air pollution

(a) Air Quality profiling to identify suitable locations for Air Quality monitoring stations including hotspot.

(b) Source apportionment study and establishment of a robust emission inventory and tracking system.

(c) Development of IT based emission inventory system.

2.1.1.4.3. Progress on action plans and compliance of statutory guidelines

(a) Implementation and updation of Action Plans

(b) Monitoring of PUC (Pollution Under Control) for vehicles.

(c) Infrastructure planning and set up of (CAAQMS (Continuous Ambient Air Quality Monitoring System)/Manual AQMS).

2.1.1.5. Quantification and evaluation of Air Quality improvements

(a) <u>Reduction in Air Pollution levels (Particulate Matter):</u>

(i) Based on international practice, 98 percentile value shall be considered to represent the basic characteristics of air quality of a city and any reduction in such value defines improvement.

(ii) For Air Quality management and assessment purpose the annual data will be considered from April to March and will hereafter be called as AQ Calendar Year.

(iii) Percentage reduction observed in 98 percentile value of maximum Particulate Matter (PM) concentration observed on all normal days (defined by each city in consultation with Meterological Department based on statistical analysis of critical Meterological parameters for each season) of the year from the baseline data of cities would be graded as following:

Parameters for assessing the Composite performance factor for 'D'

	S.No.	Reduction (%) range in (PM) 98	Improvement
Table 'A'	1	15 and above	High
	2	<15	Low

(b) Frequency of exceedance in AQI levels:

The number of days exceeding AQI(Moderate-200*) out of total number of normal days monitored per year would be graded as under:

Good days – AQI<200;

	S.No.	Increase in Good Days (%)	Improvement
Table 'B'	1	15 and above	High
	2	<15	Low

(*)MOEF&CC may work out the AQI levels annually after suitably adjusting the All India Average.

Based on grading in Table 'A' and Table 'B' above, the combined performance factor for Air Quality Management would be graded and evaluated for the cities as per the following procedure:

S.No.	Reduction (%) range in (PM) 98 (from Table A)	Increase in Good Days (%) (from Table B)	Performance Factor
1	High	High	100
2	Low	High	75
3	High	Low	50
4	Low	Low	25

2.1.1.6. State Level Monitoring and Implementation Committee (SLMIC):

At the State level, a Committee is constituted vide G.O.Rt.No.14, Environment, Forests, Science & Technology (SEC-I) Department, dt.21-02-2022 under the Chairmanship of Principal

Secretary, Environment, Forests, Science & Technology with members from the following Departments/Agencies/Entities:

1	Special Chief Secretary / Principal Secretary / Secretary to Government, Environment, Forests, Science & Technology Department.	Chairman
2	Special Chief Secretary / Principal Secretary / Secretary to Government, Municipal Administration & Urban Development Department.	Member
3	Special Chief Secretary / Principal Secretary / Secretary to Government, Transport, Roads & Buildings Department.	Member
4	Chairman, Andhra Pradesh Pollution Control Board (APPCB).	Member
5	Representative of Central Pollution Control Board (CPCB)	Member
6	Representative from the State Chamber of Commerce Industries.	Member

- **The SLMI Committee shall make performance assessment** of each 15th Finance Commission recommended Million Plus City (within a State) and recommend release of grant to the MoEF&CC as per the above indicators/guidelines after ensuring compliance with general entry level conditions given in para no.5 below.

- The State Urban Development Department shall function as the Secretariat and in coordination with the State Environment Department will convene meetings of the State Level Monitoring and Implementation Committee as frequently as required or at least every six months.

- The State Urban Development Department shall also receive proposals from the Million-Plus Cities in the MoEF&CC prescribed formats and place the same for consideration in the meetings of State Level Monitoring and Implementation Committee.

- It shall also forward the recommendations of the State Level Monitoring and Implementation Committee to the MoEF&CC for further action.

2.1.1.7. Release of Ambient Air Quality Grant:

Based on performance, Million-Plus Challenge Fund for Ambient Air Quality will be released as a single installment in each year during the award period in the proportion as given below:

Fund Allocation to Cities (Performance based)

Score of the City	% of Fund allocation from 2021-22 onwards
80-100	100
60-80	75
50-60	50
40-50	25
Below 40	Nil

2.1.1.8. Distribution of Undisbursed Grant:

The MoEF&CC shall recommend proportional distribution of undistributed portion of grants to the performing cities. In case of Non-achievement of the highest improvement slab by cities, 50% of the total undisbursed amount shall be distributed to the performing cities in the following manner:

(i) Cities with >10% improvement will get 20% of the amount.
(ii) Cities with 8%-10% improvement will get 17.5%
(iii) Cities with 6%-8% improvement will get 12.5%.

2.1.2. Water Supply, Sanitation & Solid Waste Management:

a) Grants for Water Supply, Sanitation & Solid Waste Management will be based on the performance of the Million-Plus cities in Sanitation, Solid Waste Management (SWM), Quality Water Supply, Water conservation, Water Recycling and Rejuvenation of Water Bodies.

b) Ministry of Housing & Urban Affairs (MoH&UA) being the Nodal Ministry for determining the eligibility of MPCs to get Million Plus Challenge Funds for Drinking Water (including Rain Water Harvesting and Recycling of water), Sanitation and Solid Waste Management criteria under Service Level Benchmarks.

c) The Ministry (MoH&UA) shall evaluate the performance in Service Level Benchmark indicators of SWM (attainment of Star ratings), Water Quality and Water conservation methods and will recommend distribution of these grants to the eligible ULBs.

d) In case of non-attainment of these benchmarks by Million Plus City, the MoH&UA, in consultation with the State Government, shall distribute the unallocated grants

amongst other NMPCs in proportion to their population as per the Census-2011 and as per the procedure mentioned in the Performance Criteria for NMPCs.

e) The distribution of grants will be based on marks obtained as per the procedure detailed in para 2.1.2.3 below.

f) Before operationalizing these grants, MoH&UA shall sign a tripartite MoU with concerned State Government and MPC for year-wise action plan, agreed outcomes to be achieved and quantum of funds to be released and ensure that these are available in the public domain.

2.1.2.1. Release of Grant:

It shall be released in one installment each year based on the recommendations of the nodal Ministry and subject to fulfilment of stipulated conditions.

2.1.2.2. Priority Areas for Million-Plus cities:

15th Finance Commission listed the priority areas for SWM on which the ULBs need to take action on priority basis for proper disposal of Municipal Waste to avoid degradation of Urban environment. The priority areas are:

i. *The first priority is to address the most basic and pressing uses of stopping dumping of Municipal Waste and providing collection and environmentally sound disposal services to all citizens.*

ii. *The second priority is to introduce alternative methods of waste management in order to reduce waste disposal requirements.*

iii. *The third priority is closure and capping of existing dumpsites in compliance with environmental regulations to subsequent rehabilitation of old dumpsites to reduce exposure and risk to human health and the environment.*

2.1.2.3. Performance criteria for Million-Plus cities Challenge Fund:

(a) General criteria:

- In order to become eligible for 15th FC grants, MPCs will have to meet the performance criteria (for entire Urban

Agglomeration, if exists) in addition to fulfilling the mandatory conditions.

- State will coordinate with all Million Plus Cities (And also all entities of UA, if any, namely MPCs, NMPCs, Census Towns, Outgrowth, industrial notified area etc.,) for attainment of targets against Service Level Indicators in the MPC/UA as per the targets/details/commitment made in the MoU.
- State will distribute the grant and monitor the progress of projects/ works for achievement of targets against Service Level Indicators.

(b) <u>Mandatory Projects for Water and Sanitation:</u>

Million Plus City will identify and undertake projects for Rejuvenation of water bodies, Recycling & Reuse of waste water, water supply and meet the following year-wise milestones for being eligible of grants for Water Supply, Sanitation & SWM.

Timeline	Rejuvenation of water bodies	Recycling & Reuse of waste water	Water Supply
December' 21	• Selection of 3 polluted water bodies for rejuvenation (area > 1 acre) • Prepare scientific plan for rejuvenation • Project identification • Land availability	• Selection of projects (Min capacity- total): ○ For 10-20 Lakh population: 20MLD ○ For 20-50 Lakh population: 50MLD • Land clearance for the projects	• Selection of water supply projects for uncovered areas with functional outcomes • Land clearance for the projects
June' 22	• Preparation of DPR and completion of tendering process • 10% work completion	• Preparation of DPR and completion of tendering process • 10% work completion	• Preparation of DPR and completion of tendering process • 10% work completion
June' 23	• 40% work completion	• 40% work completion	• 40% work completion
June' 24	• 80% work completion	• 80% work completion	• 80% work completion
June' 25	• Project Completion with clear functional	• Project Completion with clear functional	• Project Completion with clear functional

Timeline	Rejuvenation of water bodies	Recycling & Reuse of waste water	Water Supply
	outcomes	outcomes	outcomes

(c) Marking Scheme:

MoH&UA will assess the performance of Million-Plus cities in Water supply & Sanitation against 4 Service Level Indicators and in SWM against 2 Service Level Indicators as per details given below. On the basis of the marks obtained by each MPC, MoH&UA will recommend the share of grant to be disbursed to each MPC. The Service Level Indicators and the maximum marks that ULB can score for each Service Level Indicators are as below:

S.No.	Service Level Indicators	Maximum marks
1	2	3
1.	**Service level Indicators for Water Supply & Sanitation**	**60**
1.1	Households covered with piped water supply	20
1.2	Piped Water Supplied in litre per capita per day (LPCD)	10
1.3	Reduction in Non-Revenue Water (NRW)	10
1.4	Household covered with sewerage/septage services	20
2.	**Service level Indicators for Solid Waste Management**	**40**
2.1	Garbage free star ratings of the cities	30
2.2	Sanitation including management of Faecal Sludge	10
	Total (1+2)	**100**

(d) Marking criteria for Water Supply & Sanitation:

- Full marks will be awarded to a Service Level Indicator if the MPC achieves the target set for that Service Level Indicator in MoU for the previous year.
- No marks will be awarded if performance of MPC for that Service Level Indicator for the year is less than or equal to the performance in the preceding year.
- Proportionate marks will be awarded if the performance is better than the previous year but less than the target.
- The target for Service Level Indicator will be based on estimated population as on 01-04-2020 calculated on the

basis of decadal population growth rate of the State as per Census 2011 population till the population figures of the Census are available.

(e) Marking Criteria for SWM:

Service Level Indicators	Marks	ALLOTTED MARKS			
		2021-22	2022-23	2023-24	2024-25
Garbage Free Star rating of the Cities	30	7 Star: 100% 5 Star: 100% 3 Star: 100% 1 Star: 100% No Star: 70%	7 Star: 100% 5 Star: 100% 3 Star: 100% 1 Star: 80% No Star: 55%	7 Star: 100% 5 Star: 100% 3 Star: 90% 1 Star: 70% No Star: 50%	7 Star: 100% 5 Star: 100% 3 Star: 80% 1 Star: 60% No Star: 45%
Sanitation including Management of Faecal Sludge	10	ODF+: 100% No ODF: 0%	ODF++: 100% ODF+: 80% No ODF: 0%	ODF++: 100% ODF+: 80% No ODF: 0%	ODF++: 100% ODF+: 80% No ODF: 0%

(f) Eligibility for grants as per marks obtained:

Tied grant will be released to the MPCs based on their cumulative marks scored and subject to satisfy entry level conditions detailed in para no.5 below. On the basis of the total marks obtained by cities, proportionate grants shall be recommended by the MoH&UA as per the table given below:

Marks	<30	>30 and ≤45	>45 and ≤60	>60 and ≤80	>80
% of Recommended tied grant	0%	60%	75%	90%	100%

2.2. Category-II Cities (Non-Million Plus Cities)

(All the ULBs in the State except GVMC & VMC):

- Award period is 2021-22 to 2025-26.
- GoI has allocated an amount of Rs.4115.00 crores.
- Non-MillionPlus cities in two parts, i.e.,
  - Untied grant (Rs.1646.00 Crores) and
  - Tied grant (Rs.2469.00 Crores)

2.2.1. Untied Grants for NMPCs (2021-22 to 2025-26):

Rs.1646.00 crore (40% of grant for Category-II cities) for five years (2021-22 to 2025-26) is Untied (Basic) grant which

can be utilized by the ULBs for the following felt needs (except for salaries & other establishment expenditure).

1) **Solid Waste Management/Liquid Waste Management**
2) **Water Supply including Water Supply to Community Toilets**
3) **Under Ground Drainage/CC Drains**
4) **CC/BT Roads**
5) **Construction of Slaughter Houses**
6) **Development of Parks**
7) **Protection of Open Spaces**
8) **Burial Grounds & Crematoriums**
9) **Repairs to Municipal Schools**
10) **Urban Health Clinics**
11) **Urban forestry, protection of the environment and promotion of ecological aspects (Greenery)**
12) **Street Lighting in Uncovered areas**
13) **Payment of dues of DISCOMS and EESL**
14) **Construction of Operation Theatres, Kennels etc., under ABC & ARV activities.**
15) **Installation of Solar Panels in Municipal properties.**

The Ministry (MoH&UA) advised to pay the outstanding dues of ULBs on account of Street Lights and piped Water Supply to EESL and DISCOMS on priority and subsequent grants will be released on a certificate to that effect that the dues up to a period of 30 days prior to the proposal for release of subsequent installment have been paid.

2.2.2. <u>Tied Grants for NMPCs (2021-22 to 2025-26):</u>

(a) The GoI has allocated an amount of Rs.2469.00 crore (60% of total grant for five years allocation, i.e., 2021-22 to 2025-26) for Category-II/ NMP cities under 15th FC for supporting and strengthening the delivery of following basic services.

1. Out of Rs.2469.00 Crores, 50% i.e., Rs.1234.50 Crores is allocated by GoI for '**Sanitation/Solid Waste Management and attainment of star ratings as developed by the MoH&UA**' and it can be dovetailed towards only ULB share for SBM (U) 2.0 in coordination with Swachh Andhra Corporation (SAC).
2. Remaining 50% i.e., Rs.1234.50 crores is allocated by GoI for '**Drinking Water, Rain Water**

Harvesting, Water Recycling and Reuse of Waste Water & Rejuvenation of Water Bodies' and it can be dovetailed towards only ULB share for SBM (U) 2.0, AMRUT 2.0 & Jal Jeevan Mission in coordination with Swachh Andhra Corporation (SAC), APUFIDC & E-in-C (PH).

(b) However, if any ULB has fully saturated the needs of one category and there is no requirement of funds for that purpose, it can utilize the funds for the other category.

(c) In such case, such saturation will be certified by the respective ULB and duly confirmed by the supervising authority of ULBs in the State Government and shall be submitted to the MoH&UA.

2.2.3. Distribution of ULB grants by the States:

For the ULBs other than Million-Plus cities, the grants shall be distributed to each ULB on the basis of accepted recommendations of the latest State Finance Commission (SFC). In case of non-availability of SFC recommendation for distribution within a particular category, the allocations should be on the basis of population and area in the ratio of 90:10.

2.2.4. Release of Grants:

Grants as detailed in para 2.2.2 above for Category-II cities, shall be released by the Department of Expenditure, Ministry of Finance, Govt. of India in two equal instalments each year in the month of June and October, subject to fulfilment of stipulated conditions as detailed below for each component.

2.2.5. Performance Criteria for Non Million-Plus cities (NMPC):

Tied grants have been recommended to supplement the resources needed to fulfill national priorities. Therefore, MoH&UA recommended release of Tied grant to NMPCs for both SWM and Drinking Water & Waste Water Management system components based on the information about publication of baseline data, annual targets till 2025-26 and annual achievements thereof, fund utilization on each Component, progress achieved during the year for attainment of star ratings as developed by MoH&UA in comparison with the baseline data on the 'city finance' portal. Achievement of targets is not a mandatory condition for release of grants. However, the NMPCs, which have achieved the targets

for previous years, will be eligible for receiving the undistributed portion of grants meant for MPCs in proportion to their population as per the Census 2011.

15thFC has recommended 50% of the Tied grant for Drinking Water, Rain Water Harvesting and Water Recycling. Therefore, the NMPCs are advised to take up the measures/plans of these cities/ULBs need to take/prepare for Drinking Water, Rain Water Harvesting and Water Recycling in a timely manner within the award period so that the objectives of the grant are fulfilled.

3. Summary of the Performance Conditions for both MPCs and NMPCs:

Sl. No.	**Category-I Cities (Million Plus Cities/UAs)**
1	Signing of Tripartite Memorandum of Understanding (MoU) between MoHUA, State Government, Category-I City/Town (In case of UAs, entity nominated/authorized by the State Govt.) and putting of MoU in Public Domain including on 'www.cityfinance.in'
2	Identification & Execution of Projects (meeting year-wise milestones) for Rejuvenation of Water Bodies and project for Recycling & Reuse of Waste Water & Water Supply.
3	Yearly reporting of achievement of Million Plus Cities/UAs on Service Level Indicators as per the targets/details/commitment made in the MoU for calculation of grant eligibility as per marking scheme.
4	Publishing Online all 28 Service Level Benchmarks and Target for the year.
Category-II Cities (Non-Million Plus Cities)	
1	Publishing baseline data, annual targets till 2024-25 and annual achievements thereof, fund utilization on each component, progress achieved during the year.

4. Actions to be taken by the States in 2021-22 for getting grants from 2022-23 to 2025-26:

The States / ULBs [both Category-I (Million-Plus Cities) & Category-II (Non Million-Plus Cities/Towns] must take the following actions to ensure their eligibility to receive the grants from 2022-23 to 2025-26. However, these will not be pre-conditions for release of grants in 2021-22.

i. States to notify floor rates of Property tax and operationalize the arrangements for collection of Property tax, if not already done.

ii. States to issue notification for the constitution of State Finance Commission (SFC) (applicable for the States where SFCs are not constituted or their award period has lapsed) in such a way, so as to have the recommendations available for laying in the State Legislature on or before March 2024.

iii. Million Plus cities/UAs need to submit a detailed annual report on the measures/projects undertaken for Recycling & Reuse of Waste Water, Rejuvenation of Water Bodies and Water Supply along with the progress achieved/milestones achieved.

iv. Million Plus cities/UAs to publish annually all 28 Service Level Bench marks (SLBs) and targets for the year on "www.cityfinance.in"

5. General Entry level conditions for the release of ULBs grants (both Category-I (MPCs) & Category-II (NMPCs)):

In addition to the performance linked conditions as detailed above, the 15th Finance Commission has recommended the States/ULBs have to meet the following entry level conditions for the release of grant and in order to eligible for receiving grants:

5.1. During the first two years i.e., 2021-22 & 2022-23, States need to ensure at least 25% of the ULBs should make online availability of their concerned ULBs unaudited accounts for the previous year and audited accounts for the year before the previous year. It should be complete by 15thAugust of the year to avail the full grants in that year. However, for the subsequent years. i.e.,2023-24 onwards, all the ULBs have to mandatorily prepare the annual accounts of the previous year and duly audited accounts of the year before the previous year and make available online in the public domain. It should be completed by 15th May of each year to avail full grants in that year.

5.2. Each State Government and each Category-I City/town shall sign a tripartite Memorandum of Understanding (MoU) with MoH&UA. The MoU shall contain the baseline level as on 01-04-2021, Service Level Benchmarks, annual targets/outcomes and incentives for achieving the targets for Water Supply, Water Conservation Measures and Solid Waste Management and sustaining outcomes for Swachh Bharat Mission. The MoU will be placed in public domain including on 'www.cityfinance.in'. It will be among one of the pre-

conditions for determining eligibility for release of fund of the year 2021-22 onwards.

5.3. The condition of notifying the floor rates of Property Tax will apply for eligibility of ULBs grants from 2022-23 onwards. The States need to submit a copy of notification while claiming the 1st installment of the year 2022-23 (for Category-II/NMPCs) / fund of the year 2022-23 (for Category-I/MPCs). Process of collecting the notified floor rates of Property Tax must be operationalized in 2022-23. Once the floor rate is notified and collection process operationalized, the condition of growth in Property Tax collection being at least as much as the simple average growth rate of the State's own GSDP in the most recent five years shall apply from 2023-24 onwards.

5.4. From the year 2024-25 onwards, the States will be treated as eligible for the release of grant provided that in addition to the other prescribed conditions, the States have laid the Explanatory Memorandum as to the action taken on the recommendations of Sate Finance Commission before the State Legislature on or before March, 2024.

5.5. Linking of ULB account for 15th FC grant with PFMS or with any other e- governance system fully integrated with PFMS will be a pre-condition for release of grant from 2022-23.

Note:-*(a) Grants shall be released to a State on pro-rata basis for the number of bodies complying to the conditions relevant to a particular year as detailed above.*

(b) Audited accounts to be uploaded should include the minimum of (i) Balance sheet, (ii) Income and Expenditure Statement, (iii) Cash flow Statement and (iv)Schedules to(i), (ii) & (iii).

(c) Local body accounts will be deemed to be available in public domain, if uploaded on 'www.cityfinance.in', hosted by MoH&UA and are easily accessible to the local citizens.

5.6. Summary of the Eligibility conditions for all ULBs (MPCs & NMPCs) is as follows:

Sl. No.	Grant Condition	2021-22	2022-23	2023-24	2024-25	2025-26
1	Linking of ULB account for 15th FC Grant with PFMS		√	√	√	√
2	Grant Transfer Certificate along with the Claims for Grants	√	√	√	√	√

3	Detailed utilization report (Para No.8) for the previous installments of 15th FC Grant.	√	√	√	√	√
4	ULBs to prepare and make available online in the Public Domain Annual Accounts of the previous year and duly Audited Annual Accounts of the year before previous	√ (25% ULB)	√ (25% ULB)	√	√	√
5	States to notify Property Tax floor rates [ULBs may refer to the Property Tax toolkit released by MoHUA in Sep-2020 for best practices and reform recommendations]		√	√	√	√
6	ULBs to show consistent improvement in collection of Property Taxes in line with growth rate of State's own GSDP			√	√	√
7	States to Strengthen their State Finance Commission (SFC), and its recommendations and action taken reports to be tabled in State Legislatures, by March-2024.				√	√

6. Floor Rates of Property Tax:

States are expected to notify minimum floor rates for Property Tax by suitably amending the relevant State Municipal and Municipal Corporation Acts and Rules in the year 2021-22 along with the operationalization of relevant arrangement for collection of Property Tax for being eligible for any grant from the year 2022-23 onwards. Grants shall not be released to any State from the year 2022-23 onwards if minimum floor rate is not notified. Once this pre-condition is satisfied, the State will receive grants due to those urban local bodies only that meet the condition on growth rate of Property Tax revenue. Notifying minimum floor rates entail:

(i) State has to notify a minimum tax rate that has to be levied on all non-exempted properties and in all ULBs.

(ii) Property Tax calculation is linked to Guidance Value/Annual Rental Value/ Unit Area Value/Circle Rate etc. as deemed appropriate by the concerned State/Urban bodies.

(iii) Minimum floor rate shall have different slab-wise property tax rates for different types of properties in different areas/locality

with further variations for commercial, residential and industrial properties.

7. <u>Convergence of 15th FC recommended funds:</u>

- The 15th FC for the period 2021-22 to 2025-26 has inter-alia recommended Tied grants for Urban agglomerations/cities **[for both Category-I and Category-II]** for supporting and strengthening the delivery of basic services which are national priorities.
  - The Government of India has also launched some schemes aimed at similar outcomes like AMRUT 2.0, SBM (U) 2.0 and Jal Jeevan Mission (JJM) etc.
  - Urban agglomerations / cities may run Tied Grant components in convergence with any other scheme aided by the Union Government with similar outcomes and jurisdiction with the ultimate aim to cover maximum population within the jurisdiction of the urban body/UA or to improve the quality of the assets proposed to be constructed for the purpose.
  - 15th Finance Commission grants can be dovetailed (ULB Share) with allocations under other Central/State schemes for same purpose such as **AMRUT 2.0, SBM (U) 2.0 & Jal Jeevan Mission** etc.
  - However, 15th Finance Commission grants should not be used as a State share/contribution towards any particular scheme.

8. <u>Utilization Report:</u>

All ULBs [nodel entity for Category-I cities(MPCs) and each Statutory town in NMPCs] to furnish annually a Utilization Report in the following format as prescribed along with the claim for the 1stinstallment/installment of the next year. The States need to submit Utilization Reports to the Nodal Ministry (MoH&UA) clearly indicating the items on which expenditure has been incurred in consonance with the stipulated targets and achievements.

GRANT UTILISATION REPORT FOR THE FIFTEETH FINANCE COMMISSION RECOMMENDED TIED GRANT RECEIVED DURING THE AWARD PERIOD 2021-2022 TO 2025-2026.

(to be submitted by NMPCs & MPCs)

Name of State:-

Name of City/UA [MPC/NMPC]:-

Sl. No.	Item Description	Amount (Rs.inlakh)	% of total Tied Grant earmarked	No. of Projects undertaken	Total Project cost involved (Rs. in lakh)
1	Unutilized Tied Grant from Previous installment		X	X	X
2	15th F.C. Tied Grant received during the year [1st& 2nd Installment taken together]		X	X	X
3	Expenditure incurred during the year		X	X	X
4	Closing Balance at the end of the year		X	X	X
5	Component-wise utilization of Grant	X	X	X	X
	A. Water Management (WM)	**Total% of Tied Grant utilized on WM [ ]**		X	X
	i. Supply of Drinking Water		X		
	ii. Rain Water Harvesting		X		
	iii. Water Recycling		X		
	iv. Rejuvenation of Water Bodies		X		
	B. Solid Waste Management (SWM)	**Total% of Tied Grant utilized on SWM [ ]**		X	X
	i. Sanitation		X		
	ii. Solid Waste Management		X		

Project details					
Sl. No.	**Name of Project**	**Sector (Water Management/Sanitation/SWM)**	**Location**	**Total Project Cost**	**% of 15th FC Grants in total project cost**

Certified that the above information has been extracted from the relevant records being maintained in the ULB and is true to the best of my knowledge and belief.

Signature with seal of the Commissioner of the ULB

9. <u>Preparation & Submission of Annual Development Plans (ADPs) by the ULBs:</u>

- Urban Local Bodies have to prepare Annual Development Plans with a due procedure:

(a) A Technical Working Committee shall be constituted in each ULB by the Municipal Commissioner with the following Members:

1. Municipal Commissioner	... Chairperson
2. Head of the Engineering Section	... Convener
3. Head of the Town Planning Section	... Member
4. Head of the Health Section	... Member
5. Head of Urban Forestry / Horticulture Section	... Member
6. Head of UPA Section	... Member
7. Two Experts in Urban Development (if available)	... Member
8. Two Consultants in Urban Development (if available)	... Member
9. Executive Engineer (PH) in case of Grade-II & III Municipalities and NPs	... Member

(b) The Technical Working Committee shall prepare a Draft Annual Plan considering the releases to the Urban Local Bodies by the Commissioner & Director of Municipal Administration.

(c) The Technical Working Committee shall indicate the prioritization of the proposed works in the Annual Development Plan and shall take-up the works accordingly.

(d) The draft Annual Development Plan shall be placed before the Council/General Body for approval.

(e) After approval by the Council/General Body, the ADPs shall be sent along with Council Resolutions & supporting documents, if any, to the Engineer-in-Chief (Public Health) for scrutiny and recommendations.

(f) The ADP shall be scrutinized by the Engineer-in-Chief (Public Health) and submit to the Commissioner & Director of Municipal Administration with specific recommendations for approval and to issue Administrative Sanctions.

10. Constitution of Finance Commission Cell in C&DMA Office:

- A Finance Commission Cell (FCC) shall be constituted in the Office of the Commissioner & Director of Municipal Administration, for Processing, Monitoring, Funds allocation and Evaluation of the works progress.

- **This FC Cell shall attend the following tasks:**
  - i. Develop Operational Guidelines for preparation of ADPs
  - ii. Suggest the quantum of grants to be released to the ULBs as per the norms fixed by the GoI/15thFC
  - iii. Issue clarifications sought by the Urban Local Bodies on preparation of ADPs, guidelines and other related matters.
  - iv. Guide and advise the Technical Working Committees in the ULBs in preparation of ADPs
  - v. Examine, verify and process the ADPs received with remarks from the Engineer-in-Chief (Public Health).
  - vi. Provide technical hand holding support for submission of Progress Reports, Utilization Certificates etc of all ULBs and Monitor the progress of works.
  - vii. Check the utilization of funds, evaluation of performance of Urban Local Bodies.
  - viii. Submit Reports from ULBs time to time to Commissioner & Director of Municipal Administration.
  - ix. Prepare and submit suitable replies to the audit objections.

11. Role of the Engineer-in-Chief (Public Health):

- i. Issue clarifications sought by the Urban Local Bodies on preparation of ADPs, guidelines and other related matters.
- ii. Guide and advise the Technical Working Committees in the ULBs in preparation of ADPs
- iii. Examine, verify and process the ADPs received from the Urban Local Bodies.
- iv. Submit the ADPs along with recommendations after scrutiny to the Commissioner & Director of Municipal Administration.
- v. Randomly check the Quality of the works executed.
- vi. Monitor the progress of Works.
- vii. Check the utilization of funds, evaluation of performance of Urban Local Bodies.

12. Role of the Municipal Commissioner:

i. Responsible for preparation of Annual Development Plan
ii. Responsible for placing ADP before the Council/General Body
iii. Submit ADPs along with supporting documents including Council Resolution to the Engineer-in-Chief (Public Health)
iv. Execute the works as per the norms and procedure laid down/issued from time to time
v. Review & Monitor the execution of works and ensure quality in the works
vi. Timely utilization of the funds released to the ULB
vii. Submit the Monthly Progress Reports by 1st of every month
viii. Submit Utilization Certificates to the Commissioner & Director of Municipal Administration and
ix. Follow the instructions issued by the Commissioner & Director of Municipal Administration from time to time.

13. Responsibilities of the Municipal Council/General Body:

Consider and approve the Annual Development Plan prepared by the Technical Working Committee in the ULB as per the guidelines.

Format for submission of Annual Development Plan

Name of the ULB: Financial Year:

C.R. No & Date:

Sl. No	Name of the Sector	Name of the Work	Estimated Cost (in Rupees)	Prioritization Number
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
Total				

Head of Engineering Section Head of Town Planning Section

Head of Health Section Head of Urban Forestry/ Horticulture Section Head of UPA Section

Expert in Urban Development Consultant in Urban Development

Executive Engineer (PH)
(In case of Grade-II & III Municipalities & Nagarapanchayaths)

Municipal Commissioner
_____ULB

Y.SRILAKSHMI
SPECIAL CHIEF SECRETARY TO GOVERNMENT